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BEFORE THE ARIZONA CORPORATION C

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COMMISSIONERS

MIKE GLEASON - Chairman
JEFF HATCH-MILLER
WILLIAM A. MUNDELL
KRISTIN K. MAYES
GARY PIERCE

In the Matter of the Application of
Arizona-American Water Company for
Approvals Associated with a
Transaction with the Maricopa County
Municipal Water Conservation District
Number One

DOCKET NO. W-01303A-05-0718

**JOINT NOTICE OF FILING
SUMMARIES OF PRE-FILED
TESTIMONY**

Pursuant to the Procedural Order dated December 27, 2006, Courtland Homes,
Inc., Taylor Woodrow/Arizona, Inc. and CHI Construction Company, through
undersigned counsel, hereby respectively file their Summaries of Pre-Filed Testimony.

DATED this 15th day of March, 2007.

SNELL & WILMER L.L.P.

By

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filed with Docket Control March 15, 2007.

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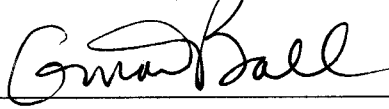
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1 **SUMMARY OF TESTIMONY GIVEN BY JOHN WITTROCK**
2 **ON BEHALF OF INTERVENOR COURTLAND HOMES, INC.**

3 **I. DIRECT TESTIMONY FILED ON JANUARY 24, 2007**

4 Mr. Wittrock's testimony discusses the following three issues:

- 5 1. Hook-up fees that have already been paid under Arizona-American's
6 existing tariff.
7 2. The need for construction of a surface water treatment plant and the
8 provision of assured water supply during construction which can also
9 offset the cost of the higher hook-up fees.
10 3. The possibility of a moratorium by Arizona-American if there is a delay in
11 the construction of the plant.

12 With respect to fees already paid under Arizona-American's existing tariff, Mr.
13 Wittrock states that the Commission's order approving any change in the hook-up fees
14 should contain language that expressly states that Arizona-American should be
15 precluded from charging the difference between the existing hook-up fee and any
16 increased hook-up fee. This is a position that Arizona-American had already agreed to
17 in its November 13, 2006 response to Courtland's comments filed on November 6, 2006.
18 On the issue of assured water supply during construction of the plant, Mr. Wittrock
19 states that Arizona-American should be required to secure interim sources of water,
20 thereby negating the need for developers to have to bear the cost of drilling wells to
21 provide water. Finally, Mr. Wittrock states that Arizona-American should be precluded
22 from instituting a moratorium on new water service to the extent that the customer has
23 supplied the water source for the development. Moreover, to the extent Arizona-
24 American has entered into interim water supply agreements on specific projects, there
25 should not be a threat of a possible moratorium in the Agua Fria District that relate to
26 such projects.

27 **II. SURREBUTTAL TESTIMONY FILED ON MARCH 12, 2007**

28 Mr. Wittrock's surrebuttal testimony addresses the following:

- 1 1. The testimony of Mr. Thomas Broderick relating to when the increase in

1 the hook-up fee will be applied; and

- 2 2. The testimony of Mr. G. Troy Day relating to the need for developer
3 provided wells.

4 In response to Mr. Broderick's testimony, Mr. Wittrock testifies that operational
5 acceptance pursuant to the line extension agreements is not the same date as when
6 meters are set. Mr. Wittrock further testifies that he has spoken to Mr. Broderick about
7 this and that Arizona-American has agreed that the meter-set date is not applicable and
8 that Arizona-American's position with respect to the pre-payment of hook-up fees is that
9 so long as the fees have been paid under the existing tariff and onsite facilities have been
10 installed, Arizona-American would not seek from developers the higher hook-up fees.
11 Therefore, Arizona-American agrees with Courtland and does consider Courtland's
12 Greer Ranch North Phase I and Greer Ranch North Phase II Developments to have
13 satisfied this requirement relating to the payment of the Hook-Up Fees. Mr. Wittrock
14 also seeks clarification that any future true-ups to hook-up fees paid under the existing
15 tariff be calculated based upon such tariff in existence at the time of the prepayment.

16 With respect to Mr. Day's testimony regarding the need for developers to still
17 provide wells, Mr. Wittrock testifies that the Commission should require Arizona-
18 American to use its best efforts not only during the construction of the plant, but also
19 thereafter, to minimize the need and expense of the requirement that developers must
20 provide wells in order to receive water utility service. He further states that given that
21 MWD has potable wells in the Agua Fria District already, Arizona-American and MWD
22 should be encouraged to work together to utilize these wells before requiring new wells
23 on a going forward basis before new wells are required to be drilled.
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**SUMMARY OF TESTIMONY GIVEN BY JUSTIN IANNAcone
ON BEHALF OF INTERVENOR TAYLOR WOODROW/ARIZONA, INC.**

I. DIRECT TESTIMONY FILED ON JANUARY 24, 2007

Mr. Iannacone's testimony discusses the following three issues:

1. Hook-up fees that have already been paid under Arizona-American's existing tariff.
2. The need for construction of a surface water treatment plant and the provision of assured water supply during construction which can also offset the cost of the higher hook-up fees.
3. The possibility of a moratorium by Arizona-American if there is a delay in the construction of the plant.

With respect to fees already paid under Arizona-American's existing tariff, Mr. Iannacone states that the Commission's order approving any change in the hook-up fees should contain language that expressly states that Arizona-American should be precluded from charging the difference between the existing hook-up fee and any increased hook-up fee. This is a position that Arizona-American had already agreed to in its November 13, 2006 response to Taylor Woodrow's comments filed on November 6, 2006. On the issue of assured water supply during construction of the plant, Mr. Iannacone states that Arizona-American should be required to secure interim sources of water, thereby negating the need for developers to have to bear the cost of drilling wells to provide water. Finally, Mr. Iannacone states that Arizona-American should be precluded from instituting a moratorium on new water service to the extent that the customer has supplied the water source for the development. Moreover, to the extent Arizona-American has entered into interim water supply agreements on specific projects, there should not be a threat of a possible moratorium in the Agua Fria District that relate to such projects.

II. SURREBUTTAL TESTIMONY FILED ON MARCH 12, 2007

Mr. Iannacone's surrebuttal testimony addresses the following:

1. The testimony of Mr. Thomas Broderick relating to when the increase in

1 the hook-up fee will be applied; and

- 2 2. The testimony of Mr. G. Troy Day relating to the need for developer
3 provided wells.

4 In response to Mr. Broderick's testimony, Mr. Iannacone testifies that operational
5 acceptance pursuant to the line extension agreements is not the same date as when
6 meters are set and there should be no linkage between the two. Additionally, and in
7 practice, a project may be considered to be at the operational acceptance stage regardless
8 of whether Arizona has issued a written acknowledgement under the line extension
9 agreement. This is evident by Arizona-American already setting meters without issuing
10 a formal operational acceptance letter. Mr. Iannacone therefore states that Taylor
11 Woodrow's project at Sycamore Farms should be considered to have satisfied this
12 requirement relating to the payment of the hook-up fees and Arizona-American should
13 be precluded from charging the higher tariff. Mr. Iannacone also seeks clarification that
14 any future true-ups to hook-up fees paid under the existing tariff be calculated based
15 upon such tariff in existence at the time of the prepayment.

16 With respect to Mr. Day's testimony regarding the need for developers to still
17 provide wells, Mr. Iannacone testifies that the Commission should require Arizona-
18 American to use its best efforts not only during the construction of the plant, but also
19 thereafter, to minimize the need and expense of the requirement that developers must
20 provide wells in order to receive water utility service. He further states that given that
21 MWD has potable wells in the Agua Fria District already, Arizona-American and MWD
22 should be encouraged to work together to utilize these wells before requiring new wells
23 on a going forward basis before new wells are required to be drilled.
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1 **SUMMARY OF TESTIMONY GIVEN BY BRETT HOPPER**
2 **ON BEHALF OF INTERVENOR CHI CONSTRUCTION COMPANY**

3 **I. DIRECT TESTIMONY FILED ON JANUARY 24, 2007**

4 Mr. Hopper's testimony discusses the treatment of hook-up fees that have already
5 been paid under Arizona-American's existing tariff. Mr. Hopper states that the
6 Commission's order approving any change in the hook-up fees should contain language
7 that expressly states that Arizona-American should be precluded from charging the
8 difference between the existing hook-up fee and any increased hook-up fee. This is a
9 position that Arizona-American had already agreed to in its November 13, 2006
10 response to CHI's comments filed on November 6, 2006.

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12 **II. SURREBUTTAL TESTIMONY FILED ON MARCH 12, 2007**

13 Mr. Hopper's surrebuttal testimony addresses the testimony of Mr. Thomas
14 Broderick relating to when the increase in the hook-up fee will be applied. In response
15 to Mr. Broderick's testimony, Mr. Hopper testifies that operational acceptance pursuant
16 to the line extension agreements is not the same date as when meters are set and there
17 should be no linkage between the two. Additionally, and in practice, a project may be
18 considered to be at the operational acceptance stage regardless of whether Arizona-
19 American has issued a written acknowledgement under the line extension agreement.
20 Mr. Hopper states that because of the existence of the onsite-distribution and
21 transmission facilities, CHI's development at Sarah Ann Ranch should be considered to
22 have satisfied this requirement relating to the payment of the hook-up fees and Arizona-
23 American should be precluded from charging the higher tariff. Mr. Hopper also seeks
24 clarification that any future true-ups to hook-up fees paid under the existing tariff be
25 calculated based upon such tariff in existence at the time of the prepayment.